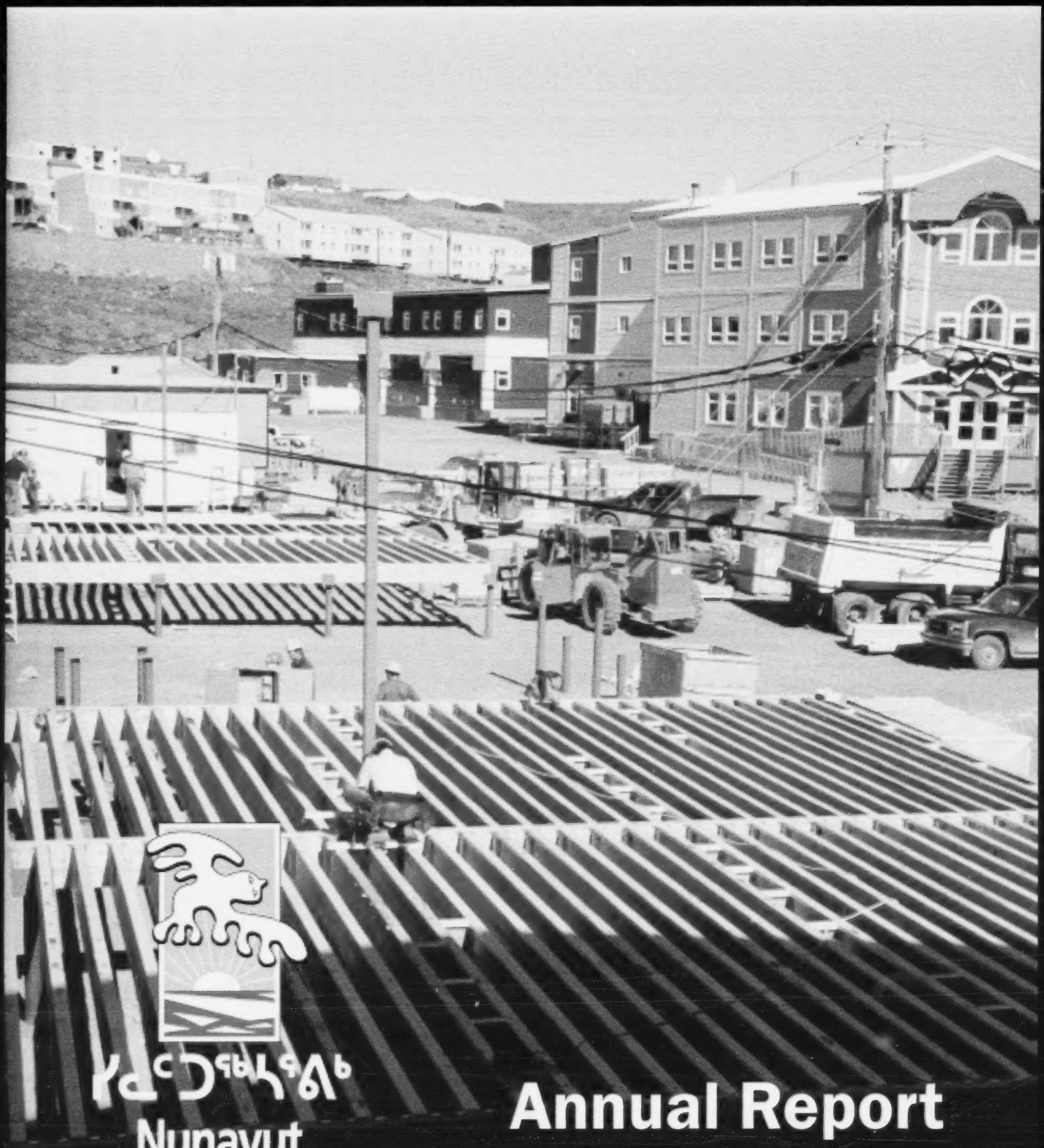

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Nunavut Arctic College

Annual Report 2009-2010

Letter of Transmittal

This Annual Report is respectfully submitted to the Minister Responsible for Nunavut Arctic College. The report includes Nunavut Arctic College's financial statements as well as highlights of activities and major accomplishments for the fiscal and academic year of July 1st, 2009 - June 30th, 2010.

Through strong partnerships with organizations across the territory and with government departments, Arctic College delivers academic and employment-related programs in communities throughout Nunavut. Arctic College remains deficit-free and continues to strengthen management systems and accountability. The Board of Governors works closely with the President to achieve the Board's strategic goals:

- *Iliqqusiit-Culture*: building a culturally responsive college,
- *Nunaliit-Communities*: improving programs and services to communities,
- *Pitsiaqsimanipaaq-Excellence*: achieving academic excellence, and
- *Sannginiq-Strength*: strengthening college systems and operations.

The new Nunavut Trades Training Centre in Rankin Inlet will open for its first students in September 2010. The new headquarters for the Nunavut Research Institute is under construction and expected to be operational in early 2011. Field research support facilities are being established in Arviat, Cambridge Bay, Igloolik, and Rankin Inlet.

Tamapta/CLᖅC: Building our future together, the mandate of the Third Legislative Assembly, reaffirms Nunavut's commitment to Inuit social values and sets out ten priorities for 2009-2013. The Board of Governors is committed to working with the Government of Nunavut to achieve the objectives and priorities of *Tamapta/CLᖅC*, particularly "Improve Education and Training Outcomes".

My fellow Governors and I are aware of the important role the Board of Governors plays in providing overall leadership and direction to Nunavut Arctic College and ensuring that the programs and services offered are culturally relevant and widely accessible to Nunavummiut.

The Board of Governors is committed to working with you as Minister Responsible for Nunavut Arctic College so that we can continue to build a strong college, expand adult learning programs and services across Nunavut, and achieve the goals of *Tamapta/CLᖅC*.

We appreciate the support you have given us during your tenure as our Minister.

Sincerely,

Jose Kusugak, Chair
Board of Governors
Nunavut Arctic College

President's Report

Nunavut Arctic College offers adult learning programs and services throughout Nunavut through its network of Community Learning Centres, and its regional campuses in Cambridge Bay, Iqaluit, and Rankin Inlet. Nunavut Research Institute continues its work as the lead agency in Nunavut for science, research and technology. The Igloolik Oral History Research Centre continues to conserve and expand its collection of interviews with Elders. Academic Affairs and Finance and Administration Services at Head Office in Arviat continue to provide valuable support.

Delivering adult learning programs across Nunavut requires partnerships across government. Since its beginning, the Department of Education has partnered in the delivery of the Nunavut Teacher Education Program. Likewise, the delivery of the Arctic Nursing Program is supported by the Department of Health and Social Services. In order to improve and coordinate the education and employment of its graduates, Arctic College has established four Partnership Committees: the Health Careers Partnership Committee with the Department of Health and Social Services, the Teacher Education Partnership Committee and the Adult Learning Partnership Committee with the Department of Education, and the Information Technology Partnership Committee with CGS Informatics. The success of the Training Ladders Project with the Department of Health and Social Services merits special commendation. The Project resulted in the review of health career training and increased transferability between programs and careers. A follow-up review will be done of human service programs.

With recovering enrollments, Nunavut Arctic College had a successful year during 2009-2010 as a result of the combined efforts of staff throughout the College including the Community Learning Centre, regional campuses, Nunavut Research Institute, Igloolik Oral History Research Centre, Head Office, and President's Office. I would like to acknowledge and thank all Nunavut Arctic College employees for their hard work and dedication this past year.

Sincerely,

Daniel Vandermeulen,
President
Nunavut Arctic College

2010 Graduates of the Nunavut Teacher Education Program in Iqaluit

Mission

To strengthen the people and communities of Nunavut by providing life-long learning opportunities for Nunavummiut adults by appropriately delivering quality career programs developed with input from our partners throughout the Arctic, and by making the benefits of Inuit traditional knowledge and southern science more accessible.

Vision

Nunavut Arctic College will strive to be the college of choice for the people of Nunavut by offering culturally relevant programs of the highest national standard. In the advancement of their language and culture, our graduates will value education and will be proud to take their place in Nunavut and beyond.

Nunatta Campus Language and Culture students prepare a polar bear skin with Fur Production and Design students in Iqaluit.

Strategic Link to Tamapta (ᑕᒪᖅᑕ): Building our future together.

Nunavut Arctic College is committed to working with the Government of Nunavut to achieve the objectives and priorities of *Tamapta (ᑕᒪᖅᑕ): Building our future together.* While drawing inspiration from all ten priorities, Nunavut Arctic College will focus on:

Improving Education and Training Outcomes

Nunavut Arctic College will broaden training for employment opportunities. Initiatives include the trade training centre at Rankin Inlet and the proposed mine training centre at Cambridge Bay. Arctic College will incorporate recognition of prior learning accomplishments into program admissions. The objective is to increase enrollments and convocate more graduates. The College will continue to cooperate with the Department of Education in the implementation of the *Nunavut Adult Learning Strategy*.

Connecting Our Communities

Nunavut Arctic College values the participation of Elders in the life of the College. Arctic College will involve Elders in student learning experiences by expanding "*Elders in the Classroom*" to all Community Learning Centres.

Increasing Support for Culture and the Arts

Nunavut Arctic College will expand the delivery of traditional and contemporary visual arts, language, performing arts, and other forms of Inuit artistic expression in cooperation with *Piqqusilirivvik*.

Enhancing our recognition in Canada and the world

The graduates of Nunavut Arctic College will play leadership roles in their families, communities and across Nunavut. As they grow in their chosen careers, many will present Nunavut's unique views and ideas on matters of national and global importance.

Investment in higher education has the overall effect of improving health, reducing crime, and reducing social assistance and unemployment benefits.

Strategic Link to the Nunavut Land Claims Agreement

Nunavut Arctic College supports the Government of Nunavut and Nunavut Tunngavik Inc. in achieving the objectives of the Nunavut Land Claims Agreement (NLCA). In particular, Article 23 of the NLCA has as its objective "to increase Inuit participation in government employment in the Nunavut Settlement Area to a representative level." The College will continue to offer relevant education and training that will prepare Inuit for employment opportunities in government.

Inuit Employment Summary	Current Positions	2009
Total Positions	196.2	167.2
Total Vacancies	55.7	25.6
Executive	1	1
Beneficiaries	0	0
Senior Management	**7**	**7**
Beneficiaries	2	2
Vacancies	1	2
Middle Management	20.5	19
Beneficiaries	6	7
Vacancies	4.5	3
Professional	114.8	92.8
Beneficiaries	30	28
Vacancies	39.3	25
Paraprofessional	26.5	23.5
Beneficiaries	13	12
Vacancies	3.5	5
Administrative Support	26.4	23.9
Beneficiaries	18	18
Vacancies	7.4	6.6
Total Positions less Vacancies	140.5	141.6
Total Beneficiaries	69	67
Percentage Inuit Employment	**49%**	**47%**

2009-2010 Board of Governors

Nunavut Arctic College is responsible through the Board of Governors to the Minister Responsible for Nunavut Arctic College. The Board of Governors determines policies respecting the administration of the College, including the Nunavut Research Institute. The Board recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared and presents budgets to the Minister in accordance with Part IX of the *Financial Administration Act*.

Members of the Board of Governors

KITIKMEOT REGION

Ms. Ruth Niptanatiak-Wilcox
Cambridge Bay

Ms. Ann Rose Kerkovius
Kugluktuk

KIVALLIQ REGION

Mr. Jose Kusugak
Rankin inlet

Ms. Martha Main
Arviat

QIKIQTAALUK REGION

Mr. Frank Pearce
Iqaluit

Ms. Katherina-Lucy Kublu
Pond Inlet

STAFF REPRESENTATIVE

Mr. Jerry Puglik
Cambridge Bay

STUDENT REPRESENTATIVE

Ms. Dianne Iyago
Iqaluit

Ex-officio, Non-voting

Daniel Vandermeulen
Ex-officio, Non-voting
Iqaluit

2009 -2010 College Highlights

The following College highlights focus primarily on achievements of our students. The College's new website www.arcticcollege.ca is updated weekly and carries the latest news on Arctic College programs, services and student activities.

SEPTEMBER 2010

The Honourable Gary Goodyear, Minister of State for Science and Technology visited the construction site of the new Nunavut Research Institute Headquarters.

Minister Goodyear also congratulated the College's Language and Culture program on 20 years of publishing, announcing $1 million to Laval University to produce a new book series on Inuit leadership and governance in partnership with the College.

JUNE 2010

First year Fur Design and Production student Rosie Audlakiak of Qikiqtarjuaq won first place at the 2010 Fur Re-Invented student design competition in Montreal. The national contest at the North American Fur and Fashion Exhibition in Montreal and sponsored by the Fur Council of Canada.

Nunavut Minister of Health, the Hon. Tagak Curley, congratulated five Arctic College nursing students for successfully completing their Bachelor of Science in Nursing (Arctic Nursing) from Dalhousie University this year.

MAY 2010

Arctic College extended its congratulations to Adult Educators, Angie Kubluitok and Lena Autut on their successful completion of the Nunavut Arctic College Instructor Development Program.

APRIL 2010

Artists and art lovers packed the Arctic College Community Learning Centre in Arviat for the first Arctic College Arviat Art Competition and Craft Sale. The competition was held to support the community's annual Spring Festival.

Nunavut Arctic College is developing a Licensed Practical Nurse diploma program. The new program is scheduled to begin in Cambridge Bay and Rankin Inlet in September 2011.

The Arctic Bay Popular Theatre program taught literacy and life skills through the development of original performance pieces.

Students were taught by Audrey Qamanirq with the Kicking Caribou Theatre Group in Arctic Bay and Penny Couchie, a choreographer and director with the National Aboriginal Theatre Institute in Toronto.

On Thursday, April 15, 2010, about 100 members of the community came out to Cambridge Bay's Luke Novoligak Community Hall to congratulate the 26 graduating students.

Students, staff, family and friends came out to the Nunavut Arctic College Community Learning Centre in Igloolik last week to celebrate graduation day!

FEBRUARY 2010

Students with the Arctic College Jewellery and Metalwork program were in Vancouver demonstrating their skills in Vancouver at Northern House during the Olympics.

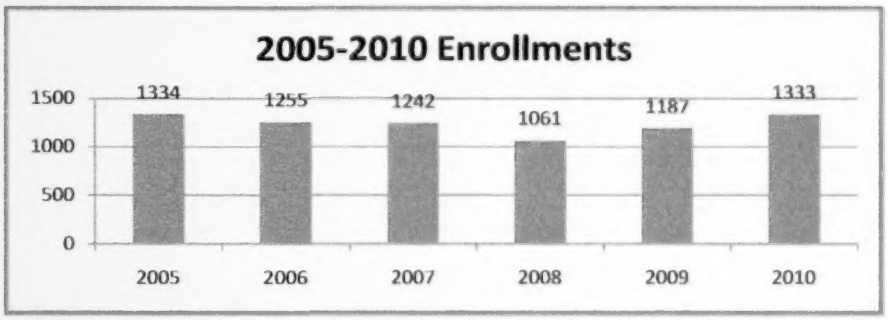
The Hon. Daniel Shewchuk, Minister responsible for Nunavut Arctic College joined former Arctic College Governors, the Hon. Leona Aglukkaq and Arviat Mayor Bob Leonard. The Ministers announced more than $4.9 million in combined territorial and federal funding for IT infrastructure upgrades.

2005-2010 Enrollments

Post-secondary enrollments are influenced by a number of factors, but particularly by funding and the economy. When federal or territorial funding is available, enrollments tend to strengthen. When the economy strengthens, enrollments tend to weaken. Nunavut Arctic College enrollments have varied from 1,334 in 2005 to 1,333 in 2010.

Two-thirds of all Arctic College programs are third-party funded, not base funded. Decreases in third party funding are the main reason for a decline in enrollments. At the same time, enrollments in Adult Basic Education have been declining for the past ten years because students cannot get financial sponsorship.

As the Nunavut economy strengthens, more Nunavummiut are being employed. This has had two contrasting effects on enrollments. Generally it has contributed to a decline in the overall enrollment as young Nunavummiut choose jobs over education. However it has also had a positive impact on a narrow range of trades enrollments. Mining-related training has experienced an increase. Opening of the Nunavut Trades Training Centre in Rankin Inlet will significantly increase trades enrollments.



NUNAVUT ARCTIC COLLEGE

FINANCIAL STATEMENTS
June 30, 2010

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

AUDITOR'S REPORT

To the Minister responsible for the Nunavut Arctic College

I have audited the balance sheet of Nunavut Arctic College as at 30 June 2010 and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at 30 June 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of Nunavut, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith. In addition, the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

John Apt, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
13 August 2010

NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits, that are necessarily based on management's best estimates and judgment.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Finance Committee, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets periodically with management and the external auditors, who have full and free access to the Finance Committee.

The College's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing her report thereon.

Daniel Vandermeulen
President
August 13, 2010

Marcelo Parungao
Bursar / Chief Financial Officer
August 13, 2010

NUNAVUT ARCTIC COLLEGE

BALANCE SHEET
as at June 30
(thousands)

	2010	2009
Assets		
Current:		
Cash	$ 2,881	$ 4,386
Short-term investments (Note 4)	26,843	6,281
Accounts receivable (Note 5)	2,535	2,694
Prepaid expenses	77	179
	32,336	13,540
Property and equipment (Note 6)	845	784
	$ 33,181	$ 14,324
Liabilities		
Current:		
Accounts payable and accrued liabilities	$ 1,558	$ 1,875
Current portion- capital lease obligations (Note 7)	52	45
Due to the Government of Nunavut (Note 11)	9,383	5,144
Deferred government contributions (Note 10)	17,595	2,540
Deferred contract income	558	990
	29,146	10,594
Non-current portion- capital lease obligations (Note 7)	105	157
Professional development fund (Note 8)	488	441
Employee future benefits (Note 9)	1,232	1,172
	30,971	12,364
Retained earnings	2,210	1,960
	$ 33,181	$ 14,324

Commitments and Guarantees (Notes 12 and 14)

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

Jose Kusugak
Chairperson of the Board

Frank Pearce
Chairperson of the Finance Committee

NUNAVUT ARCTIC COLLEGE

STATEMENT OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
for the year ended June 30
(thousands)

	2010	2009
Revenues:		
Contract income (Note 11)	$ 8,828	$ 11,485
Room and board	668	925
Tuition fees	1,195	847
Miscellaneous revenue & recoveries	961	773
Investment income	83	391
	$ 11,735	$ 14,421
Expenses:		
Salaries and employee benefits (Note 9)	$ 22,900	$ 20,480
Buildings and utilities	6,594	4,918
Fees and professional services	6,531	6,398
Travel	2,552	2,325
Materials and supplies	1,597	1,301
Housing	1,180	1,278
Telecommunications	353	324
Freight and postage	345	331
Advertising and promotion	287	447
Contributions to the Professional Development Fund (Note 8)	279	198
Furniture and equipment	259	724
Amortization	173	155
Bad debts	(48)	321
	43,002	39,200
Net loss before government contributions	(31,267)	(24,779)
Government contributions (Note 10)	31,517	25,352
Net and comprehensive income after government Contributions	250	573
Retained earnings, beginning of year	1,960	1,387
Retained earnings, end of year	$ 2,210	$ 1,960

The accompanying notes are an integral part of these financial statements.

NUNAVUT ARCTIC COLLEGE

STATEMENT OF CASH FLOWS
for the year ended June 30
(thousands)

	2010	2009
Operating activities:		
Cash provided by government contributions (Note 10)	$ 38,772	$ 8,785
Cash provided by contracts	7,896	10,685
Cash provided by other sources of income	3,504	2,564
Cash paid for salaries	(16,433)	(15,639)
Cash used in other operations	(14,510)	(15,996)
Net cash provided by (used for) operating activities	19,229	(9,601)
Investing activities:		
Investments purchased	(34,500)	(7,300)
Investments matured	14,000	20,300
Purchase of property and equipment	(234)	(387)
Net cash (used for) provided by investing activities	(20,734)	12,613
Net (decrease) increase in cash	(1,505)	3,012
Cash, beginning of year	4,386	1,374
Cash, end of year	$ 2,881	$ 4,386
Supplemental information:		
Interest paid in the year	35	41

The accompanying notes are an integral part of these financial statements.

1. THE COLLEGE

a) Authority and Purpose

The Nunavut Arctic College ("the College") is a Schedule B Public Agency as listed in the *Financial Administration Act* ("FAA") of Nunavut and accordingly operates in accordance with Part IX of the FAA and the *Public Colleges Act*. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies are as follows:

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The more significant areas requiring the use of management estimates are the allowance for doubtful accounts and the provision for employee future benefits. Actual results may differ from those estimated. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

b) Short-Term Investments

Short-term investments, which are carried at fair value as they are intended to be held for trading, are comprised of marketable securities with original maturity dates of more than 90 days but less than 12 months.

c) Contributions from the Government of Nunavut

Base Contributions

The College accrues its base contribution from the Government of Nunavut into income on a straight-line basis. The base contribution is set out in the Government's Main Estimates. Base contributions received in excess of amounts accrued are recorded as deferred government contributions. Supplementary contributions are recorded when receivable.

Services Provided Without Charge

The Government provides certain services without charge to the College. These services are recorded as government contributions, and an equivalent amount is included in the expenses.

d) Contract Income

The College enters into contracts with private companies, federal and territorial government departments, agencies and Crown corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

e) Property and Equipment

Equipment, furniture and building improvements transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1, 1995 were recorded at their estimated fair value at that date. Subsequent acquisitions are recorded at cost. Equipment, furniture, building and building improvements are amortized on a straight-line basis over their estimated useful lives as follows:

Computers and printers	4 years
Furniture and equipment	10 years
Building improvements	20 years
Building	25 years
Mobile equipment	10 years
Assets under capital lease	over lease term

f) Employee Leave Benefits

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded as payable as the benefits accrue to employees.

g) Capital Lease Obligation

The College classifies leases for equipment as either capital or operating leases, as appropriate.

Capital leases

Those leases which transfer substantially all the benefits and risks of ownership of property to the College are accounted for as both property and equipment and a related capital lease obligation. Both are initially recorded at the present value of the minimum lease payments, effective at the beginning of the lease.

Operating leases

Operating leases are those leases where substantially all the benefits and risks of ownership are not transferred to the College. Lease payments under operating leases are expensed in the year they are incurred.

h) **Employee Future Benefits**

Pension Benefits

Eligible employees of the College participate in the Public Service Pension Plan administered by the Government of Canada. The employees and the College contribute to the cost of the Plan. The College's contributions to the plan reflect the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions and may change from time to time depending on the experience of the Plan. The College contributes at a rate of 1.94 times (2009 - 2.02 times) the employee's contribution. These contributions are charged to expenditures in the year in which they are made, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

Non-Pension Benefits

Under the conditions of employment, eligible employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service and has been determined based on management's assumptions and best estimates. The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. These benefits represent the only employee future benefit obligation of the College that entails settlement by future payment.

i) Financial Instruments – Recognition and Measurement

The College's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, due to the Government of Nunavut and professional development fund. The estimated fair values of these financial instruments are approximated by their carrying amounts due to the relatively short period to maturity of these instruments. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The College's financial instruments are measured at fair value on initial recognition. Transaction costs are expensed as incurred. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. The College's financial assets and financial liabilities are categorized as follows:

Cash and short-term investments are classified as "Held for Trading" and are measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise.

Accounts receivable is classified as "Loans and Receivables" and after initial recognition are subsequently measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities, professional development fund and Due to the Government of Nunavut are classified as "Other Financial Liabilities" and after initial recognition are subsequently measured at amortized cost using the effective interest method. The amount Due to the Government of Nunavut is considered to be from related party transactions and is measured at its exchange amount.

Fair Value
In estimating fair value, the College utilizes quoted market prices when available. Models incorporating observable market data along with transaction-specific factors are also utilized in estimating fair value. Financial assets and financial liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liabilitiy, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. ACCOUNTING CHANGES

a) Adoption of New Accounting Standards

i. **Goodwill and Intangible Assets:**
The CICA has issued Section 3064 ("Goodwill and Intangible Assets"), which replaces Section 3062 ("Goodwill and Other Intangible Assets") and Section 3450 ("Research and Development Costs") and is effective for financial statements relating to fiscal years beginning on or after October 1, 2008. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standards did not have an impact on the College's financial statements.

ii. **Financial Instruments – Disclosures and Presentation**:
In June 2009, the CICA amended the disclosure requirements of CICA Handbook Section 3862, *Financial Instruments – Disclosures*. The amended disclosure requirements enable users to evaluate the significance of financial instruments on the College's financial position and performance; the nature and extent of risks arising from financial instruments to which the College is exposed during the period and at the balance sheet date; and how the College manages those risks. As the amendments only concern disclosure requirements, they do not have an impact on the results or financial position of the College. The required disclosures are included in Note 13.

b) Future accounting changes

The Canadian Institute of Chartered Accountants (CICA) issued the following new accounting standards which will become effective for the College's fiscal year ending June 30, 2011:

i. **Public Sector Accounting (PSA)**
In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards of the PSA Handbook. This amendment eliminated the Government Business Type Organizations (GBTO) classification and entities currently classified as GBTO are required to re-assess their classification.

Under the revised Introduction, the College is classified as an Other Government Organization (OGO). As an OGO, the College has determined the most appropriate basis of accounting to meet the needs of the users of its financial statements to be the standards issued by the Public Sector Accounting Board. NAC will adopt the standards issued by the Public Sector Accounting Board for its fiscal year beginning July 1, 2011. The College is currently evaluating the impact of the adoption of these standards.

4. SHORT-TERM INVESTMENTS

The College has short-term investments consisting of fixed rate Guaranteed Investment Certificates ("GICs"), bearing interest of 0.4% (2009 - 0.4%) per annum, and maturing during fiscal year 2010/11.

5. ACCOUNTS RECEIVABLE

(thousands)	2010	2009
STUDENT RECEIVABLE		
Government of Nunavut	$ 467	$ 547
Student tuition	577	616
	1,044	1,163
CONTRACTS RECEIVABLE		
Government of Nunavut	1,306	1,777
Others	1,325	1,013
	2,631	2,790
OTHER RECEIVABLE		
Government of Nunavut	145	18
Other	302	359
	447	377
TOTAL RECEIVABLE	4,122	4,330
Less: Allowance for doubtful accounts	(1,587)	(1,636)
	$ 2,535	$ 2,694

There is no concentration of accounts receivable with any customer, except the Government of Nunavut - $1,918,000 (2009 - $2,342,000).

With respect to Section 82 of the *Financial Administration Act* of Nunavut, the Board of Governors did not approve any write-offs of uncollectable accounts during the year (2009 – nil) as no amounts were presented to the Board of Governors.

6. PROPERTY AND EQUIPMENT

(thousands)	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers and printers	91	77	14	29
Furniture and equipment	328	199	129	103
Building	84	6	78	81
Building improvements	396	140	256	106
Mobile equipment	437	190	247	292
Assets under capital lease	249	128	121	173
	$ 1,585	$ 740	$ 845	$ 784

Property and equipment does not include the facilites owned by the Government of Nunavut which the use of is provided without charge from the Government of Nunavut as described in Note 11.

7. CAPITAL LEASE OBLIGATIONS

The College entered into a three (3) year and a five (5) year lease of computer and photocopier equipment, respectively, in fiscal years 2007/08 and 2008/09.

Capital lease obligations are based upon contractual minimum lease payments for leases in effect as of June 30,2010.

(thousands)	2010	2009
The future minimum lease payments for each of the next 4 fiscal years are:		
2009/10		$ 81
2010/11	$ 79	77
2011/12	63	63
2012/13	49	49
2013/14	16	16
Total Minimum lease payments	$ 207	$ 286
Less : Imputed interest (total interest expense to be incurred)	(50)	(85)
Present value of minimum lease payments	$ 157	$ 201

Lease payments are allocated between repayments of the liability and interest expense. The total minimum lease payments less the initial liability represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

The average implicit interest rate for the capital lease obligation is 26.85% (2009 – 26.80%). The capital lease obligations expires during fiscal year 2013/14.

8. PROFESSIONAL DEVELOPMENT FUND

The College is required, under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 4% (2009 - 4%) of instructors' salaries for professional development activities. Contributions to the professional development fund were $279,000 (2009 - $198,000) and this amount is recorded as an expense in the Statement of Income, Comprehensive Income and Retained Earnings.

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

(thousands)	2010	2009
Opening fund balance	$ 441	$ 365
Add: Contribution	279	198
Interest Earned	2	8
Less: Expenditures	(234)	(130)
Closing fund balance	$ 488	$ 441

9. EMPLOYEE FUTURE BENEFITS

Pension

The College and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average eligible earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(thousands)	2010	2009
College's contributions	$ 1,640	$ 1336
Employees' contributions	845	661

Non-Pension

The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations. The accrued obligations at year end are as follows:

(thousands)	2010	2009
Severance (resignation & retirement)		
Accrued obligation, beginning of year	$ 829	$ 731
Add : Expense for the year	98	135
Less : Benefits paid	(79)	(37)
Accrued obligation, end of year	848	829
Removal		
Accrued obligation, beginning of year	343	297
Add : Expense for the year	58	65
Less : Benefits paid	(17)	(19)
Accrued obligation, end of year	384	343
	$ 1,232	$ 1,172

10. GOVERNMENT CONTRIBUTIONS

(thousands)	2010	2009
Contributions received from the Government of Nunavut	$ 38,772	$ 8,785
Receivable for Nunavut Employee's Union Retroactive Pay	-	(571)
Deferred government contributions, Current year	(17,595)	(2,540)
3% base contribution reduction	(726)	-
Deferred government contributions, Prior year	2,540	13,102
	22,991	18,776
Services provided without charge (Note 11)	8,526	6,576
Total Government contributions	$ 31,517	$ 25,352

Deferred government contributions of $17,595,000 (2009 - $2,540,000) represents contributions that were received in 2009/10 (2009 – received in 2008/09) from the Government of Nunavut for the 2010/11 fiscal year base expenditures (2009 - for the 2009/10 fiscal year base expenditures).

11. RELATED PARTY TRANSACTIONS

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms. In addition to those related party transactions disclosed elsewhere in these financial statements, the College had the following transactions:

Contract Income

Of the $8,827,700 (2009 - $11,485,00) of contract income earned in the year, $6,166,500 (2009 - $7,967,729) is for courses delivered on behalf of the Government of Nunavut.

Due to the Government of Nunavut

	2010	2009
Due to the Government of Nunavut (thousands)	$ 9,383	$ 5,144

This amount represents expenditures originally paid by the Government of Nunavut, primarily payroll, and invoiced to the College for payment within the current year. Included in the total is the 3% base contribution reduction and the contributions received for the construction of the new Nunavut Research Institute and the Knowledge Infrastructure Project.

Services Provided Without Charge

The College received payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centres. The Government's amortization expense for these assets has been used as the basis for measuring the expense relating to the use of these facilities.

(thousands)	2010	2009
Employee benefits	$ 1,163	$ 981
Use of facilities	6,391	4,678
Payroll processing and other services	972	917
	$ 8,526	$ 6,576

12. COMMITMENTS

In addition to the facilities provided by the Government, the College has an operating lease and service agreements for a university transfer program and program development and is committed to the following basic payments over the next three years:

	(thousands)
2011	$ 1,360
2012	1,092
2013	945
	$ 3,397

13. FINANCIAL RISK MANAGEMENT

The following table shows the carrying values and estimated fair values of the College's financial instruments at June 30 (thousands):

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets:				
Held for trading				
Cash (1)	$2,881	$2,881	$4,386	$4,386
Short-term investments (1)	26,843	26,843	6,281	6,281
Loan and receivables				
Accounts receivable (2)	2,535	2,535	2,694	2,694
Financial Liabilities:				
Other financial liabilities				
Accounts payable and accrued liabilities (2)	1,558	1,558	1,875	1,875
Professional development fund (2)	488	488	441	441
Due to the Government of Nunavut (2)	9,383	9,383	5,144	5,144

(1) Recorded at fair value.
(2) Recorded at fair value and subsequently at amortized cost (if applicable) using the effective interest method.

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet their obligations. Such risks arise principally from certain financial assets held by the College consisting of cash, short-term investments and accounts receivable.

The maximum exposure to credit risk of the College at June 30, 2010 is the carrying value of these assets.

i) Cash and short-term investments

The College manages its credit risk relating to cash and short-term investments by dealing with senior Canadian chartered banks. The College invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

ii) Accounts receivable

The College's exposure to credit risk associated with accounts receivable is influenced mainly by the type of debtor.

A breakdown of amounts receivable by type of debtor as at June 30 is as follows:

(thousands)	2010	2009
Government of Nunavut	$ 1,918	$ 2,342
Student tuition	577	616
Others	1,627	1,372
	4,122	4,330
Allowance for doutbful accounts	(1,587)	(1,636)
	$ 2,535	$ 2,694

To mitigate credit risk related to accounts receivable, the College does regular follow-up on their accounts receivable.

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific accounts and its determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash and short term investments.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

The College is not exposed to significant currency or other price risk.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the College's reputation.

At June 30, 2010, the College has a cash and short-term investments balance of $29,724,000. The College's financial liabilities with contractual maturities are composed of accounts payable of $1,558,000 and due to the Government of Nunavut of $9,383,000 both of which are due on demand.

14. GUARANTEES

Other indemnification agreements.

In the normal course of operations, the College signs agreements whereby funds are provided to the College for the execution of projects which are subject to restrictions as to the use of funds. The sponsors of these projects can execute an audit of the financial records of the College to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

15. CAPITAL MANAGEMENT

The College's capital is composed of its retained earnings. The College's objective when managing its capital is to safeguard its abilitiy to continue as a going concern in order to maintain financial strength and provide educational services. The College makes short-term investments in accordance with its investment policy and in proportion to its working capital requirements.

The College is not subject to externally imposed capital requirements.

There has been no change in capital management in the current year.

16. COMPARATIVE INFORMATION

Certain figures have been reclassified to conform to the current year's presentation.